

VZCZCXYZ0029
PP RUEHWEB

DE RUEHCL #0851 2021440
ZNR UUUUU ZZH
P 211440Z JUL 06
FM AMCONSUL CASABLANCA
TO RUEHC/SECSTATE WASHDC PRIORITY 7011
INFO RUEHAS/AMEMBASSY ALGIERS 2822
RUEHMD/AMEMBASSY MADRID 3658
RUEHFR/AMEMBASSY PARIS 0483
RUEHRB/AMEMBASSY RABAT 7654
RUEHTU/AMEMBASSY TUNIS 1947
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS CASABLANCA 000851

SIPDIS

SENSITIVE
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DEPARTMENT FOR NEA/MAG, EB/IFD, S/CT AND NEA/OFI

E.O. 12958: N/A

TAGS: ECON EFIN KTFN PTER MO

SUBJECT: ANTI-MONEY LAUNDERING LAW TAKES SIGNIFICANT STEP FORWARD

REF: A. CASABLANCA 00523
 1B. CASABLANCA 000676
 1C. CASABLANCA 00633

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11. (U) On July 20th, the Ministerial Council presided over by King Mohammed VI approved Morocco's long-awaited draft Anti-Money Laundering (AML) legislation. The royally-approved draft law can now be presented to Parliament when it convenes in the second week of October. Both the upper and lower chambers of parliament will have the opportunity to discuss the draft before voting on it. Within thirty days of parliamentary passage, the legislation will then be sent to the Royal Palace to receive the King's final seal. Only then can the legislation be published in the official gazette and become law. Given the time required to complete these next steps, we expect implementation of AML no earlier than spring 2007.

12. (SBU) Comment: AML passage and implementation remain the missing pieces in Morocco's counter-terrorism finance efforts. The draft bill has languished for several years in inter-ministerial consideration. However, approval of the bill by the royally convened Council of Ministers is a significant step forward for this long-awaited piece of legislation. That said, banking contacts continue to warn of AML's potential negative impact on Morocco's large informal sector. Banking contacts tell us that even if AML does enter into force in early 2007, implementation will be difficult and we can expect an unspecified "adjustment period" before the law can be considered fully in effect.

End Comment

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